

Republic of the Philippines  
**ENERGY REGULATORY COMMISSION**  
San Miguel Avenue, Pasig City



IN THE MATTER OF THE  
APPLICATION FOR RECOVERY OF  
ACTUAL FUEL AND LUBRICANT  
COSTS INCURRED FOR THE  
PERIOD MARCH 15, 2010 TO  
JANUARY 2011

ERC CASE NO. 2011-068 RC

COTABATO LIGHT AND POWER  
COMPANY, INC. (CLPC),

Applicant.

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D O C K E T E D

Date: JAN 08 2013

By: *W*

**ORDER**

Before the Commission for resolution is the "Motion for Reconsideration" filed on February 29, 2012 by Cotabato Light and Power Company, Inc. (CLPC) relative to the Decision in the instant case dated September 26, 2011.

In its motion, CLPC prayed that it be allowed to recover all fuel and lubricant costs for the period March 15, 2010 to January 2011 which were legitimately incurred in the operation of its plant, based on the following grounds:

- a. The application and the supporting documents it submitted indicated the kWh generated by its plant and the fuel and lubricant costs incurred for the period March 15, 2010 to January 2011;
- b. The data indicated in the submitted Automatic Generation Rate Adjustment (AGRA) computation were inaccurate due to information technology (IT) error; and
- c. Power shortage within its franchise area required the generation of power from the plant.

## DISCUSSION

In its application, CLPC proposed the amount of PhP31,787,610.92 as fuel and lubricant costs, equivalent to PhP0.2860/kWh. However, in the aforesaid Decision, it was only authorized to recover the amount of PhP17,275,184.43 as fuel and lubricant costs, equivalent to PhP0.1554/kWh. The difference was due to the inconsistencies in the submitted AGRA report, wherein the kWh generated by its power plant was not included in the computation of the May 2010 to September 2010 billing period. Thus, it was concluded that for the said period, no energy was generated by the power plant and no energy was sold since no data were provided therefor.

CLPC averred that the inaccuracies between the submitted AGRA computation and the data attached to its application were the result of data corruption when it migrated to the new database for Customer Care and Billing, or in short, due to an IT error. Accordingly, it submitted a corrected M-002<sup>1</sup> indicating the kWh generated by the plant.

CLPC further claimed that due to the power shortage in Mindanao, it was constrained to generate power from its own-generation plant to meet the demand within its franchise area.

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<sup>1</sup>M-002 – Monthly submission of the DUs containing the Energy Data (kWh purchased and self-generated), component of System Loss and other Technical Data incurred/generated by the DUs during the billing month



Upon evaluation of the documents submitted, it was shown that CLPC has indeed generated power during the said period and fuel and lubricant costs were incurred. Nevertheless, some adjustments were made to consider only the kWh generated by CLPC's power plant as reflected in its M-002.

Upon verification of CLPC's M-002, the allowable fuel and lubricant costs were calculated at PhP27,640,229.58.

The table below shows the comparison among the fuel and lubricant costs as proposed in the application, as approved by the Commission in its Decision and as recalculated based on the instant motion:

| Months         | Proposed (PhP)       | Decision (PhP)       | Recalculated (PhP)   |
|----------------|----------------------|----------------------|----------------------|
| March 15, 2010 | 4,777,231.32         | 4,142,656.06         | 4,142,656.06         |
| April          | 13,391,468.85        | 12,701,857.44        | 12,701,857.44        |
| May            | 10,047,652.02        | -                    | 7,914,507.11         |
| June           | 1,824,523.01         | -                    | 1,653,192.46         |
| July           | 172,767.66           | -                    | 31,428.72            |
| August         | 85,054.44            | -                    | 85,054.44            |
| September      | 818,701.78           | -                    | 680,862.43           |
| October        | 300,223.56           | 241,805.97           | 241,805.97           |
| November       | 22,084.07            | 14,477.62            | 14,477.62            |
| December       | 238,585.70           | 117,967.18           | 117,967.18           |
| January 2011   | 109,318.51           | 56,420.15            | 56,420.15            |
| <b>Total</b>   | <b>31,787,610.92</b> | <b>17,275,184.43</b> | <b>27,640,229.58</b> |

The allowable fuel and lubricant costs were recalculated using the approved heat rate caps of 0.2615 liter/kWh and 0.00162 liter/kWh for fuel and lubricant, respectively, or the actual heat rates, whichever were lower, in accordance with the aforesaid Decision.

However, although the Commission has resolved to allow the recovery of the fuel and lubricant costs incurred during the May 2010 to January 2011 period, the existing fuel recovery charge of PhP0.1554/kWh as indicated in the aforesaid Decision is maintained in order to cushion its impact on CLPC's consumers.

**WHEREFORE**, the foregoing premises considered, the "Motion for Reconsideration" filed on February 29, 2012 by Cotabato Light and Power Company, Inc. (CLPC) is hereby **GRANTED** with modification.

Accordingly, CLPC is **AUTHORIZED** to recover the total fuel and lubricant costs amounting to PhP27,640,229.58.


Relative thereto, inasmuch as it has already started implementing the initial approved fuel and lubricant costs at a rate of PhP0.1554/kWh, it is hereby directed to continue implementing the said rate until such time that the full amount as approved herein shall have been recovered.


**SO ORDERED.**

Pasig City, December 3, 2012.

  
**ZENAIDA G. CRUZ-DUCUT**  
Chairperson

  
**MARIA TERESA A.R. CASTAÑEDA**  
Commissioner

  
**JOSE C. REYES**  
Commissioner

  
**ALFREDO J. NON**  
Commissioner

  
**GLORIA VICTORIA C. YAP-TARUC**  
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